

Message Text

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63

ORIGIN EB-11

INFO OCT-01 ARA-16 EA-11 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-03 H-03 INR-11 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-03 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 OMB-01

SWF-02 /174 R

DRAFTED BY EB/OT/STA:JPCRAWFORD:CLJ

APPROVED BY EB/OT:CSCHMIDT

H:SGOLDBERG

EB/ITP:MWGLITMAN

EA/EP:AGEBER

L/EB:MSPIEGEL

EB/IFD/ODF:RBENEDICK

ARA/ECP:WKNEPPER

EA/ROC:JMOYLE

EA/K:HNEWSOM

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R 052212Z AUG 74

FM SECSTATE WASHDC

TO AMEMBASSY SEOUL

INFO AMEMBASSY TAIPEI

AMEMBASSY MEXICO

AMEMBASSY SAN JOSE

AMEMBASSY QUITO

AMEMBASSY SANTO DOMINGO

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E.O. 11652: GDS

TAGS: ETRD, KS, TW

SUBJECT: MUSHROOMS

1. DOMESTIC MUSHROOM INDUSTRY HAS MARSHALLED STRONG CON-

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GRESSIONAL SUPPORT FOR ITS DEMAND THAT USG NEGOTIATE A

MULTILATERAL AGREEMENT UNDER SECTION 204 OF THE AGRICULTURAL ACT OF 1956 LIMITING EXPORTS OF CANNED AND GLASS-PACKED MUSHROOMS TO THE UNITED STATES. MOST RECENTLY, CHAIRMAN MORGAN (HOUSE FOREIGN AFFAIRS COMMITTEE) WROTE DEPARTMENT JULY 22 ASKING WHY THE DELAY. DEPARTMENT IS THUS UNDER PRESSURE TO BE RESPONSIVE, BUT IS HOPEFUL THAT ISSUE CAN BE RESOLVED WITHOUT NEED FOR FORMAL ACTION.

2. ACCORDINGLY WE REQUEST EMBASSY SEEK FROM ROKG A SEMI-FORMAL STATEMENT (GOVERNMENT LETTERHEAD) CONFIRMING CERTAIN ASSERTIONS OF WORLD BANK IN CONNECTION WITH A LOAN TO KOREA WHICH INCLUDES FUNDS TO MODERNIZE ITS MUSHROOM CANNING FACILITIES. THE IBRD "APPRaisal OF INTEGRATED AGRICULTURAL PRODUCTS PROCESSING PROJECT" DATED APRIL 25, 1974 (ANNEX 8) IMPLIES THAT THOUGH THE CANNERIES MODERNIZATION PROJECT WOULD RESULT IN A PRODUCTION INCREASE OF AN ESTIMATED 41 PERCENT OVER 1972 LEVELS BY 1980, ALL OF WHICH IS TO BE EXPORTED, NONE OF THE INCREMENT WOULD BE EXPORTED TO THE UNITED STATES. IBRD OFFICIALS CONFIRMED TO DEPARTMENT OFFICERS THAT THE U.S. WAS NOT EXPECTED TO ABSORB ANY PART OF THE NEW PRODUCTION, BUT THAT IT WOULD BE

EXPORTED TO OTHER MARKETS, PRINCIPALLY TO WEST GERMANY, CANADA, AND SCANDINAVIA. IN THE IBRD PROJECTION, KOREA'S ANNUAL EXPORTS THROUGH 1980 TO THE UNITED STATES WOULD NOT AGAIN REACH THE LEVEL OF 14 MILLION POUNDS ACHIEVED IN CALENDAR YEAR 1973.

3. USG DOES NOT INTEND THAT AFFIRMATION WILL CONSTITUTE AN AGREEMENT BETWEEN THE USG AND ROKG. NOR ARE WE SEEKING BY THIS MEANS TO OPEN A NEGOTIATION WITH THE ROKG. EMBASSY SHOULD EXPLAIN USG IS LOOKING FOR A GOOD FAITH JUDGMENT AND IS NOT SEEKING A LEGAL COMMITMENT. THEREFORE, THE EMBASSY SHOULD SPELL OUT THE SECTION 204 PROBLEM EXPLAINED ABOVE AND, REFERRING TO THE ANALYSIS WHICH APPEARS IN ANNEX 8 PG. 3-4 OF THE ABOVE MENTIONED IBRD REPORT, ASK WHETHER THE ROKG AGREES WITH THE BANK'S STATEMENTS. IF SO, WOULD THEY BE WILLING TO PUT THEIR AFFIRMATION IN THE FORM OF A LETTER AS OUTLINED IN PARA. 2.

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4. EMBASSY SHOULD STRESS WE CANNOT BE CERTAIN AFFIRMATION WILL MEET DOMESTIC PRODUCERS' CONCERNs BUT THAT WE ARE WILLING TO GIVE THIS A TRY. WE ARE ASKING THE GOVERNMENT OF TAIWAN TO GIVE US A SIMILAR STATEMENT CONFIRMING PROJECTIONS MADE BY INDUSTRY AND GOVERNMENT OFFICIALS EARLY THIS YEAR.

5. WE NOTE THAT MUSHROOM EXPORTS TO U.S. FROM KOREA FOR

THE FIRST FIVE MONTHS OF 1974 ARE RUNNING SUBSTANTIALLY LESS THAN FOR COMPARABLE PERIOD LAST YEAR (3.8 MILLION POUNDS IN 1974 COMPARED TO 7.6 MILLION POUNDS IN 1973), AND THAT KOREA IS EXPORTING MUCH GREATER QUANTITIES TO WEST GERMANY. THIS TREND APPEARS TO CONFIRM THE WORLD BANK REPORT.

6. IF THE EMBASSY IS UNABLE TO OBTAIN THE AFFIRMATION STATEMENT AND WE ARE EQUALLY UNSUCCESSFUL IN OBTAINING A SIMILAR STATEMENT FROM GOVERNMENT OF TAIWAN, EMBASSY SHOULD INFORM ROKG, UPON RECEIPT OF SPECIFIC INSTRUCTION FROM DEPARTMENT, THAT WE FORESEE NO OTHER OPTION BUT TO INITIATE FORMAL NEGOTIATIONS TO LIMIT EXPORTS.

7. IF STATEMENT OBTAINED, EMBASSY SHOULD FORWARD IT SOONEST AND THEREAFTER MONITOR DEVELOPMENTS, REPORTING IF CHANGE IN SITUATION IS INDICATED. KISSINGER

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